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MAJOR LABOUR COSTS, PRIVATE SECTOR, AUSTRALIA, 1986-87

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NOTE: As a result of a change in the collection methodology for the 1986-87 Survey of Major Labour Costs, the Total Labour Costs estimate produced in the 1985-86 issue of this publication has been revised to exclude severance, termination and redundancy payments. The revised estimate appears as Major Labour Costs for 1985-86 in this publication and is directly comparable to the 1986-87 measure of Major Labour Costs.

SUMMARY OF FINDINGS

Gross wages and salaries paid by private sector employers in 1986-87 accounted for 90.1 per cent of the major labour costs surveyed.

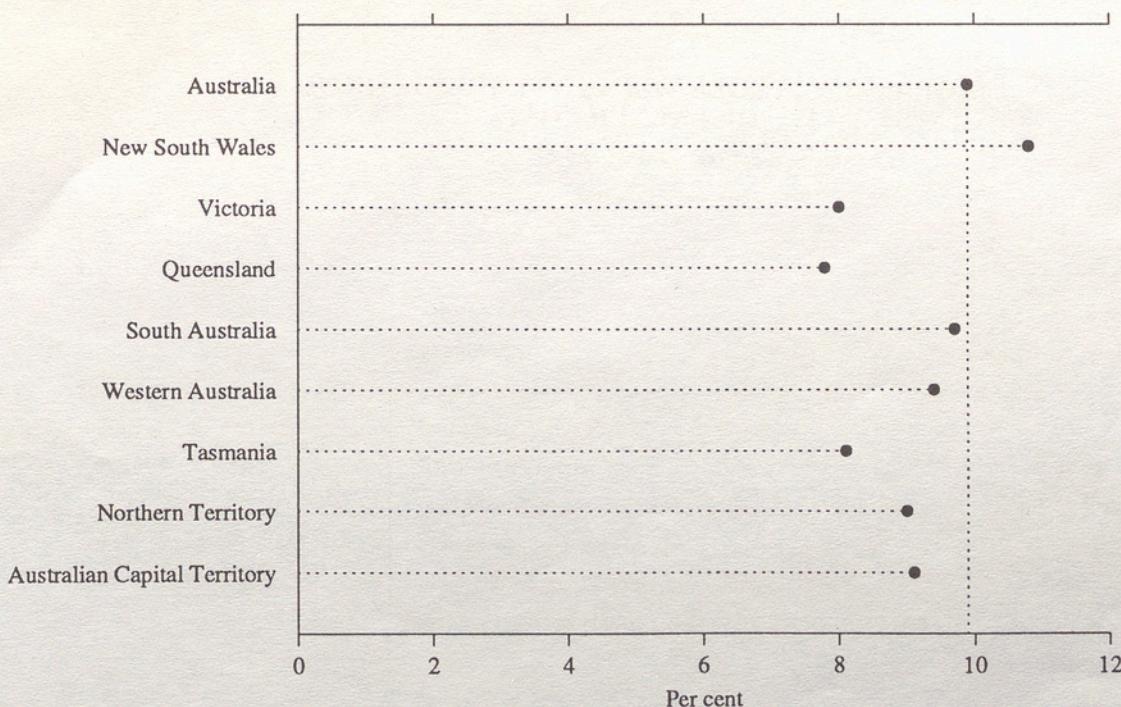
The remaining 9.9 per cent, other labour costs, comprised payroll tax, workers' compensation, employer contributions to superannuation schemes and fringe benefits tax paid.

For each dollar paid out by private sector employers as gross wages and salaries, during 1986-87, an additional 4.0 cents was paid in payroll tax (compared to 3.9 cents in 1985-86), 3.5 cents in employer contributions to superannuation schemes (compared to 3.3 cents in 1985-86) and 2.9 cents in workers' compensation costs (compared to 3.0 cents in 1985-86).

In 1986-87, fringe benefits tax paid by private sector employers amounted to an additional 0.7 cents for each dollar paid out as gross wages and salaries. The tax applied to benefits provided for the nine months to 31 March 1987.

DIAGRAM 1: OTHER LABOUR COSTS AS A PERCENTAGE OF MAJOR LABOUR COSTS, STATES & TERRITORIES

Source: Table 1

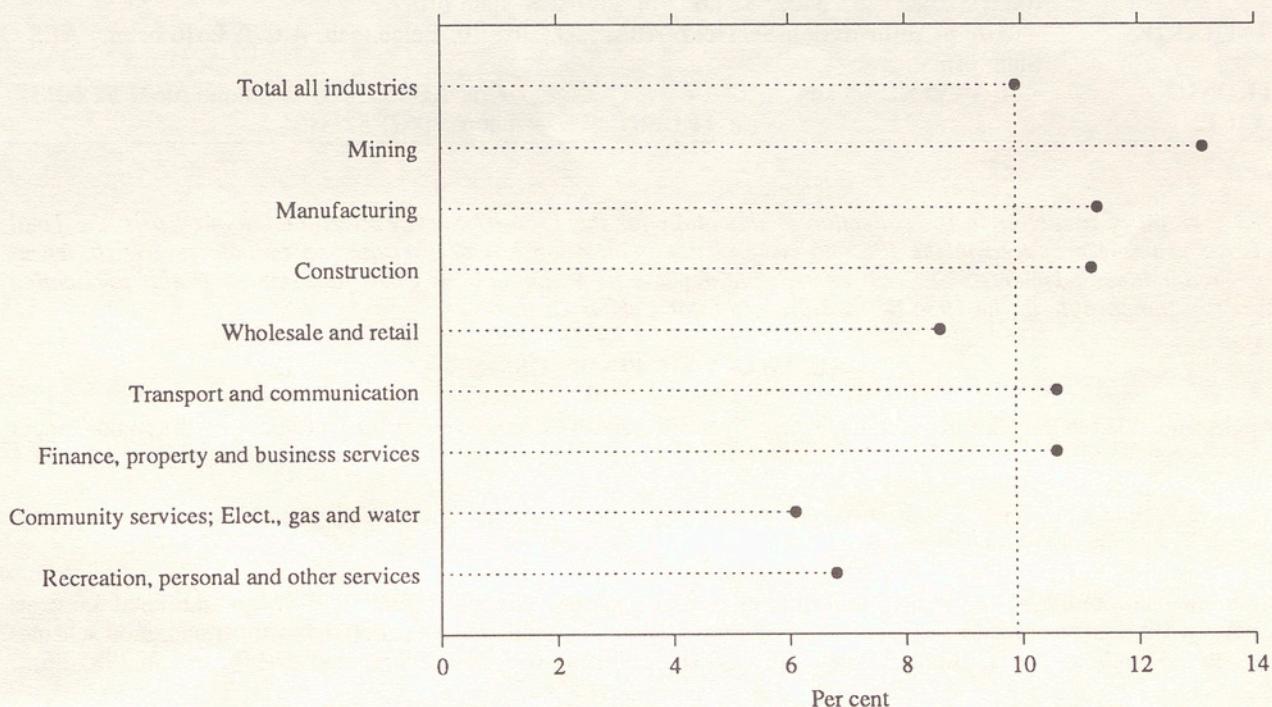


For States and Territories, other labour costs as a percentage of major labour costs for 1986-87 were:

- 9.9 per cent for Australia;
- highest in New South Wales (10.8 per cent);
- lowest in Queensland (7.8 per cent); and
- higher than in 1985-86 for all States except Tasmania.

DIAGRAM 2: OTHER LABOUR COSTS AS A PERCENTAGE OF MAJOR LABOUR COSTS, INDUSTRY

Source: Table 2

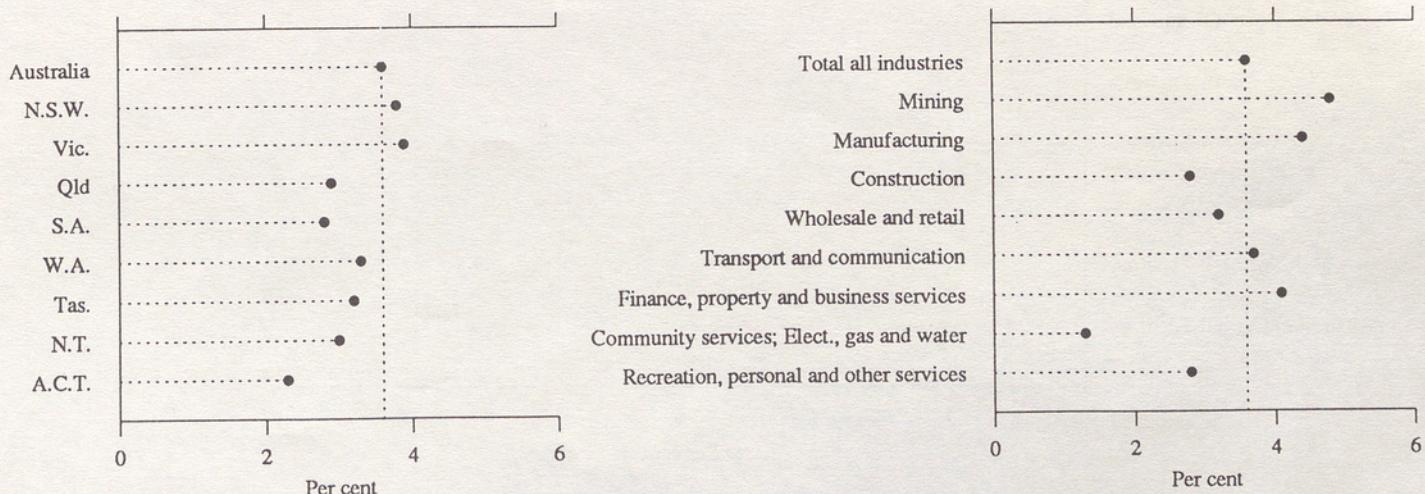


By industry, other labour costs as a percentage of the major labour costs surveyed for 1986-87 were:

- highest in the Mining industry (13.1 per cent) which is due to the high percentage of employees in the Mining industry covered by superannuation schemes (71.0 per cent);
- lowest in the industries Recreation, personal and other services (6.8 per cent) and Community services; Electricity, gas and water (6.1 per cent). The percentages of employees covered by superannuation schemes in these industries were relatively low at 10.5 per cent and 19.3 per cent respectively; and
- higher than in 1985-86 for all industries.

DIAGRAM 3: PAYROLL TAX AS A PERCENTAGE OF MAJOR LABOUR COSTS

Source: Tables 1 and 2

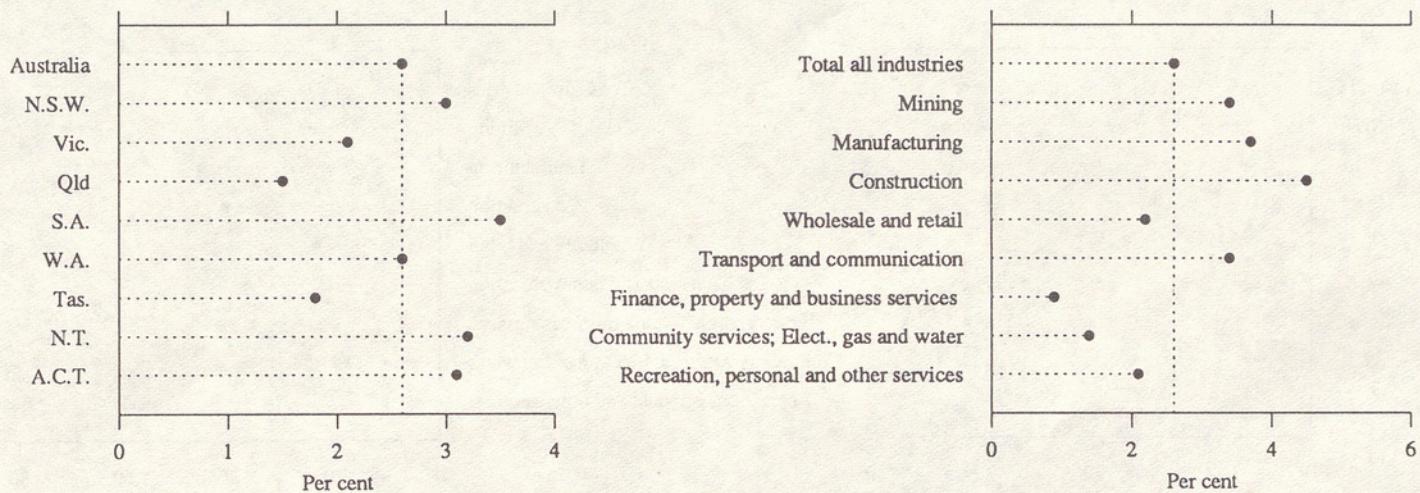


Payroll tax paid as a percentage of the major labour costs surveyed for 1986-87 for private sector employers was:

- 3.6 per cent for Australia;
- highest in Victoria (3.9 per cent) and lowest in the Australian Capital Territory (2.3 per cent); and
- highest in the Mining industry (4.8 per cent) and lowest in the Community services; Electricity, gas and water industries (1.3 per cent).

DIAGRAM 4: WORKERS' COMPENSATION AS A PERCENTAGE OF MAJOR LABOUR COSTS

Source: Tables 1 and 2

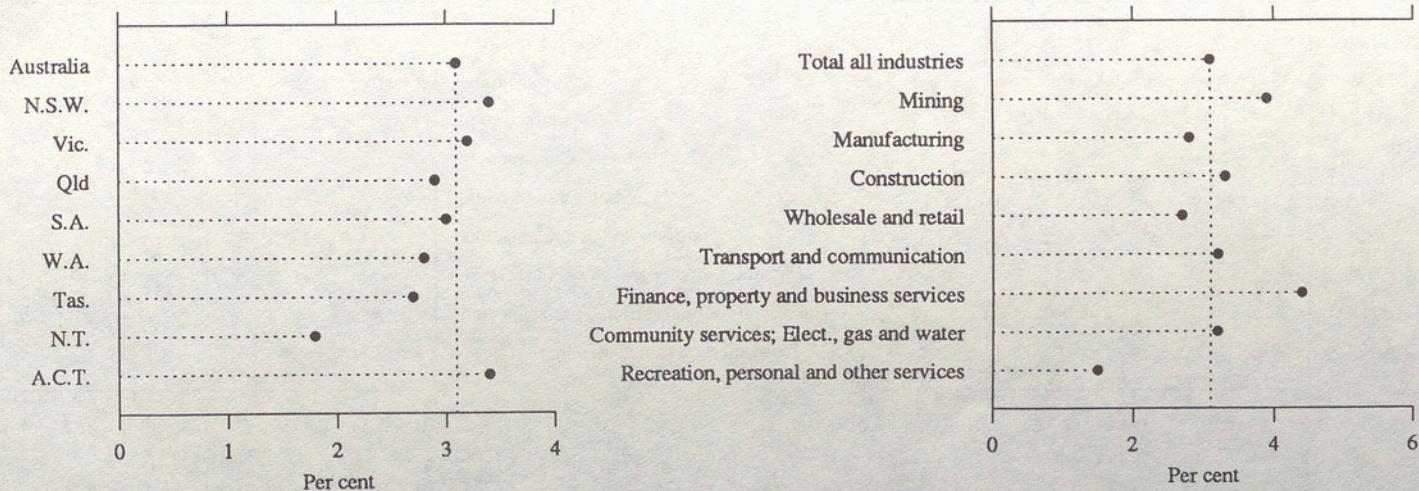


The cost of workers' compensation for 1986-87 as a percentage of the major labour costs surveyed was:

- 2.6 per cent for Australia;
- highest in South Australia (3.5 per cent) and lowest in Queensland (1.5 per cent);
- highest in the Construction industry (4.5 per cent) and lowest in the Finance, property and business services industry (0.9 per cent); and
- lower than in 1985-86 for New South Wales, Victoria and Tasmania.

DIAGRAM 5: SUPERANNUATION AS A PERCENTAGE OF MAJOR LABOUR COSTS

Source: Tables 1 and 2



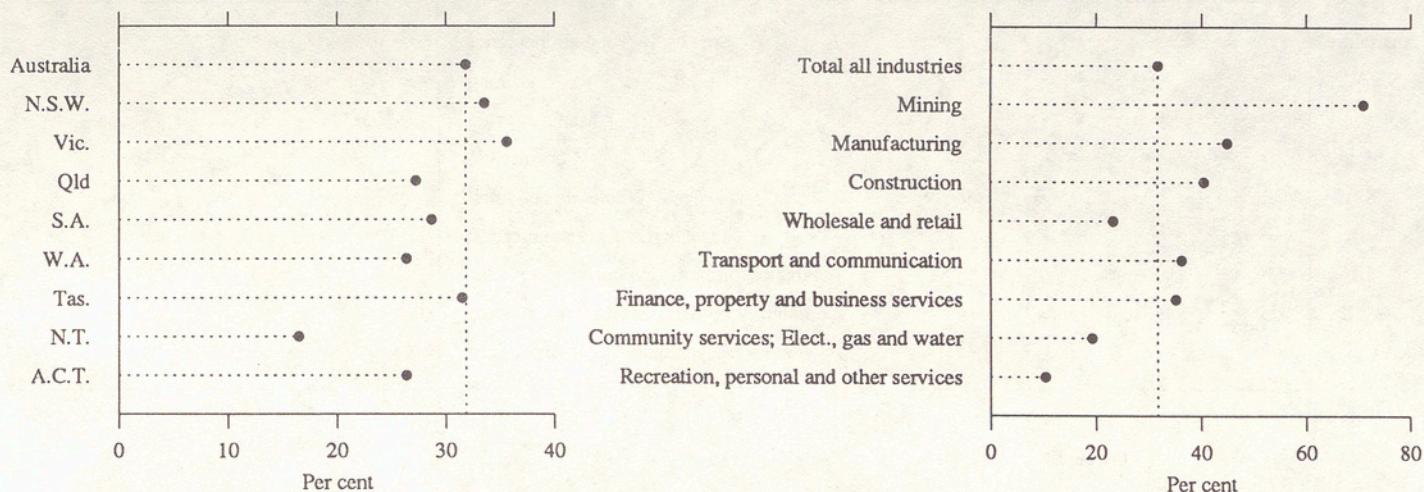
Employer contributions to superannuation schemes as a percentage of the major labour costs surveyed for 1986-87 were:

- 3.1 per cent for Australia;
- highest in New South Wales (3.4 per cent) and lowest in the Northern Territory (1.8 per cent); and
- highest in the Finance, property and business services industry (4.4 per cent).

Between 1985-86 and 1986-87, superannuation costs, as a percentage of the major labour costs surveyed, increased for New South Wales, Victoria and Queensland; remained the same for South Australia; and decreased for Western Australia, Tasmania, the Northern Territory and the Australian Capital Territory.

DIAGRAM 6: PERCENTAGE OF EMPLOYEES COVERED BY SUPERANNUATION SCHEMES

Source: Tables 1 and 2

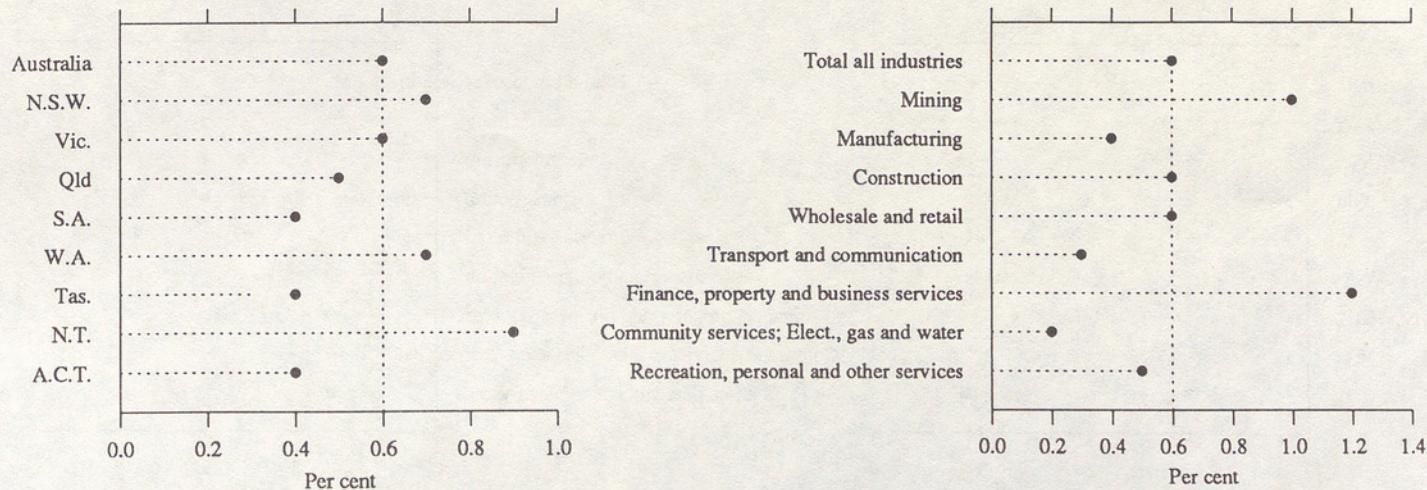


The percentage of employees covered by superannuation schemes directly effects the cost of providing superannuation in each state or industry. The Survey showed that:

- 31.9 per cent of employees were covered by superannuation schemes for 1986-87, with New South Wales and Victoria having higher than average coverage (33.6 per cent and 35.7 per cent respectively). The Northern Territory had the lowest coverage (16.5 per cent); and
- the average employer contribution for each employee covered in a superannuation scheme for 1986-87 was \$2,040 compared with \$1,720 for 1985-86.

DIAGRAM 7: FRINGE BENEFITS TAX AS A PERCENTAGE OF MAJOR LABOUR COSTS

Source: Tables 1 and 2



Fringe benefits tax paid as a percentage of the major labour costs surveyed for 1986-87 was:

- 0.6 per cent for Australia;
- highest in the Northern Territory (0.9 per cent) and lowest in Tasmania (0.3 per cent); and
- highest in the Finance, property and business services industry (1.2 per cent) and lowest in the Community services; Electricity, gas and water industries (0.2 per cent).

EXPLANATORY NOTES

Introduction

1. This publication contains selected results of the first comprehensive Survey of Labour Costs conducted in Australia. The Survey is an enhanced version of the initial Survey of Labour Costs conducted for the reference year 1985-86. For the first time:

- information on the labour costs of government sector employers has been collected;
- the cost to employers of fringe benefits tax has been collected; and
- gross wages and salaries will be dissected into payments for time worked and payments for time not worked.

2. The results of the survey for 1986-87 will be released in two stages as follows:

(a) This publication contains information on the major labour costs of private sector employers only. These are:

- gross wages and salaries;
- payroll tax;
- workers' compensation;
- superannuation; and
- fringe benefits tax.

(b) The publication *Labour Costs, Australia* (6349.0), to be released later in 1988, will contain information on the major labour costs of both private and government sector employers. It will also contain a measure of on-costs dissected into payments to employees for time worked and payments for time not worked.

3. Labour costs are defined as all costs incurred by employers in the employment of labour. The full range of labour costs comprises:

(a) Earnings of employees, i.e.:

- gross wages and salaries; and
- severance, termination and redundancy payments.

(b) Payroll tax.

(c) Workers' compensation.

(d) Superannuation.

(e) Fringe benefits tax.

(f) Fringe benefits.

(g) Welfare services.

(h) Training.

(i) Recruitment.

4. The 1986-87 Survey of Labour Costs covered only components (a) to (e) which are generally considered to account for over 90 per cent of all labour costs.

Comparison with 1985-86 Survey

5. This publication differs from the publication released for the reference year 1985-86 in two ways:

(a) Details of fringe benefits tax are being published as a labour costs item for the first time. This item was not included in the publication for 1985-86 as fringe benefits tax was introduced from 1 July 1986. The estimates of fringe benefits tax in this publication are for 9 months only.

(b) Costs to employers of severance, termination and redundancy payments were included in the 1985-86 issue of this publication, but are not included in this issue. Estimates of this item will be provided in the publication *Labour Costs, Australia* (6349.0) to be released later this year.

Survey design

6. The survey was conducted as a sample of approximately 4500 employers in the private sector and 1500 in the government sector, selected from the ABS register of businesses at May 1987. The survey covered employers in all States and Territories and all industries except for employers primarily engaged in agriculture, forestry, fishing and hunting; private households employing staff; overseas embassies, consulates, etc; and the Australian permanent defence forces.

7. The statistical unit for the survey comprised all activities of an enterprise in a particular State or Territory. Each statistical unit was classified to an industry which reflected the predominant activity of the enterprise in the State or Territory. In a small number of cases, where an enterprise had significant employment in more than one industry, a separate statistical unit was created for each industry.

8. The statistical units were stratified by State/Territory, industry and employment size and an equal probability sample selected from each stratum.

Collection Methodology

9. The survey was conducted by mail in three collection stages as follows:

(a) An 'Information Advice Form' asked employers to nominate reporting arrangements to ensure that the survey covered all employees at various locations within the organisation.

- (b) Information was collected on the major labour costs of employers, such as superannuation, workers' compensation, payroll tax, fringe benefits tax and gross wages and salaries.
- (c) Employers were asked to provide detailed information on payments to employees for time not worked, such as leave taken, public holidays and severance, termination and redundancy payments.

Definitions

10. *Reference year.* Information collected relates to labour costs paid during the year ended 30 June 1987, for those employers selected from the ABS register of businesses at May 1987. For employers who commenced or ceased operation during the year, the costs relate to the amounts paid during the period the employer operated. The data collected relates to payments actually made by the employer during the reference year to employees as defined in paragraph 11.

11. *Employees.* For this survey, the number of employees is the average of the number of employees who received pay for a single reference period in August 1986, November 1986, February 1987 and May 1987. All permanent, temporary, casual, part-time, managerial and executive employees as well as employees on paid or pre-paid leave, on workers' compensation, employees paid from interstate or overseas and employees who terminated during the year are included. Proprietors/partners of unincorporated businesses, directors who are not paid a salary, self-employed persons (eg subcontractors), persons paid solely by commission without a retainer, irregular casual employees, employees on leave without pay or on strike or stood down who did not receive pay during the year and employees based outside Australia are excluded.

12. *Payroll tax* refers to amounts paid during the reference year in respect of all employees, net of any rebates. Payroll tax assessed for payments to contractors is excluded.

13. *Workers' compensation* costs are determined in two ways:

- (a) The majority of employees are covered for workers' compensation through the payment of premiums by the employer to an insurer. In these cases, workers' compensation costs are determined by the premiums paid during the reference year, together with any other workers' compensation costs. Other workers' compensation costs include 'make-up' and 'excess' pay (which cover payments made by employers directly to employees over and above the amount paid as compensation by the workers' compensation insurer). Also included as workers' compensation costs are any premiums paid during the reference year to insure employers for claims made by employees under Common Law.
- (b) Certain employers may become 'self-insurers'. Workers' compensation costs for these employers

are determined by the payments actually made to employees during the reference year for workers' compensation claims, together with any other workers' compensation costs (including legal, accounting, medical and administrative costs; and 'catastrophe' insurance premiums). Costs to employers relating to liability under Common Law for employees were also collected for 'self-insurers'. Costs for employees under Common Law are determined by the Common Law premiums paid during the year, lump sum payments made to employees (that are not reimbursed by an insurer) resulting from claims made under Common Law and any other Common Law costs (including legal, accounting, medical and administrative costs).

Costs which have been reimbursed from a workers' compensation insurer are not included in the estimates.

14. *Superannuation* costs refer to the amount of employers' contributions paid on behalf of employees during the reference year. Two measures of superannuation costs are:

- (a) Superannuation costs per employee - refers to superannuation costs divided by the annual average of all employees who received pay for specified pay periods during August 1986, November 1986, February 1987 and May 1987. This is an average for all employees, including those not covered by superannuation.
- (b) Superannuation costs per employee covered - refers to superannuation costs divided by the average of all employees covered by superannuation schemes for specified pay periods during August 1986, November 1986, February 1987 and May 1987. The percentage of employees covered is estimated by expressing the annual average of all employees covered by superannuation for the specified pay periods as a percentage of the average number of total employees for the same pay periods.

15. *Fringe benefits tax* was introduced for benefits provided from 1 July 1986. Costs shown in this publication are taxes paid in the year 1986-87 in respect of the tax on fringe benefits paid to all employees in the 9 months to 31 March 1987.

16. *Gross wages and salaries* comprise payments made to employees during the reference year (before taxation and other deductions) for ordinary time and overtime earnings; overaward payments; penalty payments, shift and other remunerative allowances; commissions and retainers; bonuses and similar payments; payments under incentive or piecework schemes; payments under profit-sharing schemes; leave loadings; annual and long service leave payments; sick leave payments; advance and retrospective payments; standby or reporting time; and salaries and fees paid to company directors and members of boards who receive a salary. Severance, termination and redundancy payments, allowances which are reimbursements for expenditure incurred in conducting the business

of an employer and drawings from profits by directors or office holders are excluded.

17. *Major labour costs* as referred to in this publication comprises the major labour costs surveyed ie. the sum of gross wages and salaries, payroll tax, workers' compensation costs, superannuation and fringe benefits tax.

Labour cost measures

18. Labour costs measures presented in this publication are:

- (a) Total dollar cost for each item.
- (b) Costs per employee for each item.
- (c) Costs for each item as a percentage of major labour costs surveyed.
- (d) Costs for each item as a percentage of gross wages and salaries.

Industry classification

19. Industry is classified according to the *Australian Standard Industrial Classification (ASIC) 1983 Edition* (1201.0).

Employer size classification

20. To derive estimates classified by employer size, each statistical unit in the sample was allocated a size classification based on the average number of employees for the reference year (determined by averaging the number of employees for August 1986, November 1986, February 1987 and May 1987). This size classification reflects the employment size of an employer unit in a particular State or Territory - not necessarily the employment size of an employer unit Australia wide.

Reliability of Estimates

21. Estimates in this publication are subject to two sources of error:

- (a) Sampling error: since the estimates are based on information obtained from a sample of employers they may differ from the values that would have been produced if all employers had been included in the survey. More information on this topic is given in the Technical Note on page 16.
- (b) Non-sampling error: inaccuracies may occur because of imperfections in reporting by respondents and errors made in coding and processing data. These inaccuracies may occur in any enumeration, whether it be a full count or a sample. Every effort is made to reduce the non-sampling error to a minimum by careful design of questionnaires and efficient operating procedures.

22. One item known to be affected by non-sample error is fringe benefits tax paid resulting in estimates being marginally higher than is actually the case. A small proportion of respondents had difficulty in providing

information in the manner requested. In a minority of cases employees reported fringe benefits tax paid for some employees not in scope for this survey. Such employees are those paid solely by commission without a retainer, proprietors/partners of unincorporated businesses, directors not paid a salary, self employed persons and past and future employees.

Discontinuities in the series

23. Changes to survey concepts may be introduced between reference periods to improve survey procedures and/or to reduce the burden on employers selected in the survey. Comparisons with the results of the previous survey should take such changes into account.

24. Changes were made for the 1986-87 survey in respect of Common Law costs included in workers' compensation. Costs now included are:

- premiums paid to insure for claims made under Common Law;
- payments made to employees in respect of claims made under Common Law not reimbursed by an insuring body; and
- other Common Law costs (including legal, medical, accounting and administrative costs which were not reimbursed by an insurer).

For the 1985-86 survey, the only Common Law cost included in workers' compensation was premiums paid to insure for claims made under Common Law.

25. For the convenience of reporting by employers selected in the survey, workers' compensation paid to employees through the payroll was included in gross wages and salaries rather than workers' compensation. This procedure was used for both the 1985-86 and 1986-87 reference years. Therefore, estimates of gross wages and salaries may be marginally higher and estimates of workers' compensation marginally lower than is actually the case.

26. For *Labour Costs, Australia* (6349.0), to be released later in 1988, such workers' compensation payments will be compiled separately. Estimates of workers' compensation paid to employees through the payroll will be distinguished from gross wages and salaries and any of these payments that are not reimbursed by an insurer will be included in workers' compensation.

Related publications

27. Users may also wish to refer to the following publications which are available on request:

Occasional Paper No. 1986/1: Statistics on Wages, Earnings, Income and Labour Costs — A Guide to Their Concepts, Measurement and Usage — issued June 1986

Labour Statistics, Australia (6101.0) — issued annually

A Guide to Labour Statistics (6102.0) — issued February 1986

Employed Wage and Salary Earners, Australia (6248.0)
— issued quarterly

Average Weekly Earnings, Australia, Preliminary (6301.0)
— issued quarterly

Average Weekly Earnings, States and Australia (6302.0)
— issued quarterly

Distribution and Composition of Employee Earnings and Hours, Australia (6306.0) — issued annually

Award Rates of Pay Indexes, Australia (6312.0) — issued monthly

Employment Benefits, Australia (6334.0) — issued August 1987

28. Current publications produced by the ABS are listed in the *Catalogue of Publications, Australia (1101.0)*. The ABS also issues, on Tuesdays and Fridays, a *Publications Advice (1105.0)* which lists publications to be released in the next few days. The Catalogue and Publications Advice are available from any ABS office.

Unpublished statistics

29. In some cases, the ABS can make available information which is not published. This information may be made available in one or more of the following forms: microfiche, photocopy, data tape, computer printout, clerically-extracted tabulation. Generally, a charge is made for providing unpublished information. Inquiries should be made to the officer whose name appears in the Phone Inquiries section of the Inquiries box at the front of this publication, or to Information Services in the nearest ABS Office.

30. Unpublished information which may be available from this survey includes some limited State by industry, State by size and industry by size cross classifications. Some information on industries and employment size at finer levels than those included in the published tables

may also be available. Information on the standard errors of movement between 1985-86 and 1986-87 estimates is available on request.

Symbols and other usages

- * the estimate has a relative standard error greater than 25% and should not be regarded as reliable. See paragraph 4 of the Technical Note.

31. Where estimates have been rounded, discrepancies may occur between sums of the component items and totals.

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IAN CASTLES
Australian Statistician

TABLE 1. MAJOR LABOUR COSTS, PRIVATE SECTOR : STATES AND TERRITORIES (a)

Type of cost	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	N.T.	A.C.T.	Australia
COSTS (\$ million)									
<i>Gross wages and salaries—</i>									
1985-86	24,034	16,749	8,364	4,924	5,594	1,439	489	676	62,269
1986-87	28,709	19,020	9,036	5,783	6,475	1,735	547	714	72,017
<i>Other labour costs—</i>									
1985-86	2,703	1,770	613	516	505	132	43	62	6,343
1986-87	3,490	2,064	761	622	674	151	54	71	7,888
<i>Payroll tax—</i>									
1985-86	1,016	721	250	171	182	53	17	17	2,427
1986-87	1,225	829	285	179	237	60	18	18	2,850
<i>Workers' compensation—</i>									
1985-86	867	481	133	182	149	30	16	19	1,876
1986-87	966	449	150	227	187	34	19	24	2,056
<i>Superannuation—</i>									
1985-86	820	568	230	163	174	49	10	26	2,040
1986-87	1,078	668	282	189	202	51	11	26	2,508
<i>Fringe benefits tax (b)—</i>									
1986-87	221	118	44	28	48	6	5	3	474
Major labour costs—									
1985-86	26,737	18,518	8,978	5,441	6,100	1,570	532	738	68,613
1986-87	32,199	21,084	9,797	6,405	7,149	1,886	601	785	79,905
COSTS AS A PERCENTAGE OF MAJOR LABOUR COSTS									
<i>Gross wages and salaries—</i>									
1985-86	89.9	90.4	93.2	90.5	91.7	91.7	91.9	91.6	90.8
1986-87	89.2	90.2	92.2	90.3	90.6	92.0	91.0	90.9	90.1
<i>Other labour costs—</i>									
1985-86	10.1	9.6	6.8	9.5	8.3	8.4	8.1	8.4	9.2
1986-87	10.8	9.8	7.8	9.7	9.4	8.0	9.0	9.1	9.9
<i>Payroll tax—</i>									
1985-86	3.8	3.9	2.8	3.1	3.0	3.4	3.2	2.3	3.5
1986-87	3.8	3.9	2.9	2.8	3.3	3.2	3.0	2.3	3.6
<i>Workers' compensation—</i>									
1985-86	3.2	2.6	1.5	3.3	2.4	1.9	3.0	2.6	2.7
1986-87	3.0	2.1	1.5	3.5	2.6	1.8	3.2	3.1	2.6
<i>Superannuation—</i>									
1985-86	3.1	3.1	2.6	3.0	2.9	3.1	1.9	3.5	3.0
1986-87	3.4	3.2	2.9	3.0	2.8	2.7	1.8	3.3	3.1
<i>Fringe benefits tax (b)—</i>									
1986-87	0.7	0.6	0.5	0.4	0.7	0.3	0.9	0.4	0.6
Major labour costs—									
1985-86	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986-87	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

(a) Severance, termination and redundancy payments are excluded. See paragraph 5 of the Explanatory Notes. (b) Fringe benefits tax collected for first time. See paragraph 15 of the Explanatory Notes.

TABLE 1. MAJOR LABOUR COSTS, PRIVATE SECTOR : STATES AND TERRITORIES (a) — *continued*

Type of cost	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	N.T.	A.C.T.	Australia
COSTS PER EMPLOYEE									
— dollars —									
Gross wages and salaries—									
1985-86	17,890	17,550	15,400	16,230	16,340	16,280	17,690	15,330	17,070
1986-87	19,914	18,705	16,975	16,985	18,788	17,110	19,049	15,947	18,702
Other labour costs—									
1985-86	2,020	1,860	1,120	1,700	1,480	1,480	1,560	1,390	1,740
1986-87	2,421	2,031	1,429	1,829	1,955	1,489	1,874	1,591	2,049
Payroll tax—									
1985-86	760	760	460	560	530	590	610	390	670
1986-87	849	816	534	525	687	590	627	410	740
Workers' compensation—									
1985-86	650	500	240	600	440	340	590	420	510
1986-87	670	441	282	666	543	337	673	536	534
Superannuation—									
1985-86	610	600	420	540	510	550	360	580	560
1986-87	748	657	530	556	586	498	385	582	651
Fringe benefits tax (b)—									
1986-87	153	116	83	83	139	64	190	63	123
Major labour costs—									
1985-86	19,900	19,400	16,520	17,930	17,820	17,760	19,250	16,730	18,810
1986-87	22,335	20,736	18,404	18,814	20,743	18,599	20,923	17,538	20,751
— per cent —									
Superannuation—									
Employees covered—									
1985-86	34.0	35.3	27.4	31.5	26.8	34.7	18.5	29.2	32.3
1986-87	33.6	35.7	27.3	28.7	26.4	31.1	16.5	26.3	31.9
— dollars —									
Cost per employee covered—									
1985-86	1,780	1,660	1,510	1,730	1,910	1,560	1,960	1,950	1,720
1986-87	2,227	1,840	1,947	1,934	2,223	1,604	2,329	2,213	2,040
COSTS AS A PERCENTAGE OF GROSS WAGES AND SALARIES									
Payroll tax—									
1985-86	4.2	4.3	3.0	3.5	3.2	3.6	3.4	2.5	3.9
1986-87	4.3	4.4	3.2	3.1	3.7	3.5	3.3	2.6	4.0
Workers' compensation—									
1985-86	3.6	2.8	1.6	3.7	2.7	2.1	3.3	2.7	3.0
1986-87	3.4	2.4	1.7	3.9	2.9	2.0	3.5	3.4	2.9
Superannuation—									
1985-86	3.4	3.4	2.7	3.3	3.1	3.4	2.0	3.8	3.3
1986-87	3.8	3.5	3.1	3.3	3.1	2.9	2.0	3.7	3.5
Fringe benefits tax (b)—									
1986-87	0.8	0.6	0.5	0.5	0.7	0.4	1.0	0.4	0.7
Other labour costs—									
1985-86	11.2	10.6	7.3	10.5	9.1	9.1	8.8	9.1	10.2
1986-87	12.2	10.9	8.4	10.8	10.4	8.7	9.8	10.0	11.0

(a) Severance, termination and redundancy payments are excluded. See paragraph 5 of the Explanatory Notes. (b) Fringe benefits tax collected for first time. See paragraph 15 of the Explanatory Notes.

TABLE 2. MAJOR LABOUR COSTS, PRIVATE SECTOR : INDUSTRY - AUSTRALIA (a)

Type of cost	Mining	Manufacturing	Construction	Wholesale and retail	Transport and communication	Finance property and business services	Community services; Electricity gas and water	Recreation, personal and other services	Total all industries
COSTS (\$ million)									
<i>Gross wages and salaries—</i>									
1985-86	2,381	19,059	3,868	15,739	3,001	9,156	6,092	2,974	62,269
1986-87	2,780	21,164	4,371	16,394	3,538	13,031	7,132	3,607	72,017
<i>Other labour costs—</i>									
1985-86	335	2,400	410	1,305	344	977	379	194	6,343
1986-87	418	2,684	549	1,548	418	1,544	463	264	7,888
<i>Payroll tax—</i>									
1985-86	125	935	115	559	123	383	93	95	2,427
1986-87	153	1040	136	569	147	596	99	110	2,850
<i>Workers' compensation—</i>									
1985-86	103	833	186	362	126	101	102	63	1,876
1986-87	110	881	220	388	133	135	107	81	2,056
<i>Superannuation—</i>									
1985-86	107	632	109	384	95	493	184	36	2,040
1986-87	123	676	163	488	125	633	242	*56	2,508
<i>Fringe benefits tax (b)—</i>									
1986-87	32	87	*29	103	12	180	14	18	474
<i>Major labour costs—</i>									
1985-86	2,716	21,459	4,277	17,043	3,345	10,134	6,471	3,169	68,613
1986-87	3,198	23,848	4,920	17,942	3,956	14,575	7,595	3,871	79,905
COSTS AS A PERCENTAGE OF MAJOR LABOUR COSTS									
<i>Gross wages and salaries—</i>									
1985-86	87.7	88.8	90.4	92.3	89.7	90.3	94.1	93.8	90.8
1986-87	86.9	88.8	88.9	91.4	89.4	89.4	93.9	93.2	90.1
<i>Other labour costs—</i>									
1985-86	12.3	11.2	9.6	7.7	10.3	9.6	5.9	6.1	9.2
1986-87	13.1	11.3	11.2	8.6	10.6	10.6	6.1	6.8	9.9
<i>Payroll tax—</i>									
1985-86	4.6	4.4	2.7	3.3	3.7	3.8	1.4	3.0	3.5
1986-87	4.8	4.4	2.8	3.2	3.7	4.1	1.3	2.8	3.6
<i>Workers' compensation—</i>									
1985-86	3.8	3.9	4.3	2.1	3.8	1.0	1.6	2.0	2.7
1986-87	3.4	3.7	4.5	2.2	3.4	0.9	1.4	2.1	2.6
<i>Superannuation—</i>									
1985-86	3.9	2.9	2.5	2.3	2.8	4.9	2.8	1.1	3.0
1986-87	3.9	2.8	3.3	2.7	3.2	4.4	3.2	*1.5	3.1
<i>Fringe benefits tax (b)—</i>									
1986-87	1.0	0.4	*0.6	0.6	0.3	1.2	0.2	0.5	0.6
<i>Major labour costs</i>									
1985-86	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986-87	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

(a) Severance, termination and redundancy payments are excluded. See paragraph 5 of the Explanatory Notes. (b) Fringe benefits tax collected for first time. See paragraph 15 of the Explanatory Notes.

TABLE 2. MAJOR LABOUR COSTS, PRIVATE SECTOR : INDUSTRY - AUSTRALIA (a) — continued

Type of cost	Mining	Manufacturing	Construction	Wholesale and retail	Transport and communication	Finance property and business services	Community services; Electricity, gas and water	Recreation, personal and other services	Total all industries
COSTS PER EMPLOYEE									
— dollars —									
<i>Gross wages and salaries—</i>									
1985-86	31,570	19,550	19,810	14,220	20,800	18,800	15,530	10,950	17,070
1986-87	34,414	20,812	22,114	15,556	22,999	21,204	16,782	11,708	18,702
<i>Other labour costs—</i>									
1985-86	4,440	2,460	2,100	1,190	2,380	2,010	970	710	1,740
1986-87	5,175	2,639	2,777	1,469	2,718	2,513	1,089	856	2,049
<i>Payroll tax—</i>									
1985-86	1,660	960	590	510	850	790	240	350	670
1986-87	1,891	1,023	689	540	958	971	233	356	740
<i>Workers' compensation—</i>									
1985-86	1,360	850	950	330	870	210	260	230	510
1986-87	1,358	867	1,115	369	865	220	253	262	534
<i>Superannuation—</i>									
1985-86	1,420	650	560	350	660	1,010	470	130	560
1986-87	1,527	665	826	463	815	1,031	569	*182	651
<i>Fringe benefits tax (b)—</i>									
1986-87	399	85	*146	98	80	292	34	57	123
<i>Major labour costs—</i>									
1985-86	36,010	22,020	21,900	15,400	23,180	20,800	16,500	11,670	18,810
1986-87	39,589	23,451	24,891	17,025	25,717	23,717	17,871	12,564	20,751
—per cent —									
<i>Superannuation—</i>									
Employees covered—									
1985-86	77.7	48.4	39.0	22.2	33.5	37.2	20.5	7.3	32.3
1986-87	71.0	45.1	40.7	23.4	36.4	35.3	19.3	10.5	31.9
— dollars —									
<i>Cost per employee covered—</i>									
1985-86	1,850	1,350	1,370	1,560	1,990	2,650	2,250	1,800	1,720
1986-87	2,150	1,474	2,031	1,984	2,243	2,924	2,957	1,730	2,040
COSTS AS A PERCENTAGE OF GROSS WAGES AND SALARIES									
<i>Payroll tax—</i>									
1985-86	5.3	4.9	3.0	3.6	4.1	4.2	1.5	3.2	3.9
1986-87	5.5	4.9	3.1	3.5	4.2	4.6	1.4	3.0	4.0
<i>Workers' compensation—</i>									
1985-86	4.3	4.4	4.8	2.3	4.2	1.1	1.7	2.1	3.0
1986-87	4.0	4.2	5.0	2.4	3.8	1.0	1.5	2.2	2.9
<i>Superannuation—</i>									
1985-86	4.5	3.3	2.8	2.5	3.2	5.4	3.0	1.2	3.3
1986-87	4.4	3.2	3.7	3.0	3.5	4.9	3.4	*1.6	3.5
<i>Fringe benefits tax (b)—</i>									
1986-87	1.2	0.4	*0.7	0.6	0.4	1.4	0.2	0.5	0.7
<i>Other labour costs—</i>									
1985-86	14.1	12.6	10.6	8.4	11.4	10.7	6.2	6.5	10.2
1986-87	15.0	12.7	12.6	9.4	11.8	11.9	6.5	7.3	11.0

(a) Severance, termination and redundancy payments are excluded. See paragraph 5 of the Explanatory Notes. (b) Fringe benefits tax collected for first time. See paragraph 15 of the Explanatory Notes.

TABLE 3. MAJOR LABOUR COSTS, PRIVATE SECTOR : EMPLOYER UNIT SIZE - AUSTRALIA (a)

Type of cost	Less than 10 employees	10-19 employees	20 - 99 employees	100 or more employees	Total all sizes
COSTS (\$ million)					
Gross wages and salaries—					
1985-86	12,408	5,556	13,797	30,508	62,269
1986-87	12,955	6,647	15,645	36,770	72,017
Other labour costs—					
1985-86	801	426	1,373	3,745	6,343
1986-87	1,007	563	1,680	4,638	7,888
Payroll tax—					
1985-86	63	117	627	1,621	2,427
1986-87	53	116	709	1,971	2,850
Workers' compensation—					
1985-86	298	154	404	1,020	1,876
1986-87	312	192	426	1,125	2,056
Superannuation—					
1985-86	440	155	342	1,104	2,040
1986-87	575	220	439	1,274	2,508
Fringe benefits tax (b)—					
1986-87	66	35	105	268	474
Major labour costs—					
1985-86	13,209	5,982	15,169	34,253	68,613
1986-87	13,962	7,210	17,325	41,408	79,905
COST AS A PERCENTAGE OF MAJOR LABOUR COSTS					
Gross wages and salaries—					
1985-86	93.9	92.9	91.0	89.1	90.8
1986-87	92.8	92.2	90.3	88.8	90.1
Other labour costs—					
1985-86	6.1	7.1	9.1	10.9	9.2
1986-87	7.2	7.8	9.7	11.2	9.9
Payroll tax—					
1985-86	0.5	2.0	4.1	4.7	3.5
1986-87	0.4	1.6	4.1	4.8	3.6
Workers' compensation—					
1985-86	2.3	2.6	2.7	3.0	2.7
1986-87	2.2	2.7	2.5	2.7	2.6
Superannuation—					
1985-86	3.3	2.6	2.3	3.2	3.0
1986-87	4.1	3.1	2.5	3.1	3.1
Fringe benefits tax (b)—					
1986-87	0.5	0.5	0.6	0.7	0.6
Major labour costs—					
1985-86	100.0	100.0	100.0	100.0	100.0
1986-87	100.0	100.0	100.0	100.0	100.0

(a) Severance, termination and redundancy payments are excluded. See paragraph 5 of the Explanatory Notes. (b) Fringe benefits tax collected for first time. See paragraph 15 of the Explanatory Notes.

TABLE 3. MAJOR LABOUR COSTS, PRIVATE SECTOR : EMPLOYER UNIT SIZE - AUSTRALIA (a) — *continued*

Type of cost	Less than 10 employees	10-19 employees	20-99 employees	100 or more employees	Total all sizes
COSTS PER EMPLOYEE					
— dollars —					
<i>Gross wages and salaries—</i>					
1985-86	14,300	16,190	17,060	18,750	17,070
1986-87	15,357	17,946	18,377	20,595	18,702
<i>Other labour costs—</i>					
1985-86	920	1,240	1,690	2,310	1,740
1986-87	1,194	1,519	1,973	2,598	2,049
<i>Payroll tax—</i>					
1985-86	70	340	770	1,000	670
1986-87	63	313	833	1,104	740
<i>Workers' compensation—</i>					
1985-86	340	450	500	630	510
1986-87	370	519	501	630	534
<i>Superannuation—</i>					
1985-86	510	450	420	680	560
1986-87	681	594	516	714	651
<i>Fringe benefits tax (b)—</i>					
1986-87	79	94	123	150	123
<i>Major labour costs</i>					
1985-86	15,220	17,430	18,760	21,050	18,810
1986-87	16,551	19,465	20,350	23,193	20,751
— per cent —					
<i>Superannuation —</i>					
<i>Employees covered—</i>					
1985-86	18.2	24.4	23.6	45.9	32.3
1986-87	16.9	21.5	25.2	44.4	31.9
— dollars —					
<i>Cost per employee covered—</i>					
1985-86	2,750	1,770	1,780	1,470	1,720
1986-87	4,031	2,761	2,047	1,608	2,040
COSTS AS A PERCENTAGE OF GROSS WAGES AND SALARIES					
<i>Payroll tax—</i>					
1985-86	0.5	2.1	4.5	5.3	3.9
1986-87	0.4	1.7	4.5	5.4	4.0
<i>Workers' compensation—</i>					
1985-86	2.4	2.8	2.9	3.4	3.0
1986-87	2.4	2.9	2.7	3.1	2.9
<i>Superannuation—</i>					
1985-86	3.6	2.8	2.5	3.6	3.3
1986-87	4.4	3.3	2.8	3.5	3.5
<i>Fringe benefits tax (b)—</i>					
1986-87	0.5	0.5	0.7	0.7	0.7
<i>Other labour costs—</i>					
1985-86	6.4	7.7	9.9	12.3	10.2
1986-87	7.8	8.5	10.7	12.6	11.0

(a) Severance, termination and redundancy payments are excluded. See paragraph 5 of the Explanatory Notes. (b) Fringe benefits tax collected for first time. See paragraph 15 of the Explanatory Notes.

TECHNICAL NOTE

1. Since the estimates in this publication are based on information obtained from a sample they are subject to sampling variability; that is, they may differ from the figures that would have been produced if all private sector employers had been included in the survey.

2. One measure of the sample variability is given by the *standard error*, which indicates the extent to which an estimate might have varied by chance because only a sample of employees was included. There are about two chances in three that a sample estimate will differ by less than one standard error from the figure that would have been obtained had all employees been included, and about nineteen chances in twenty that the difference will be less than two standard errors.

3. Another measure of the sample variability is the *relative standard error*, which is obtained by expressing the standard error as a percentage of the estimate. Both the standard error and relative standard error are used to measure the reliability of estimates.

4. If the standard error of an estimate is large relative to the size of the estimate, the usefulness of that estimate is seriously impaired. For the tables in this publication, estimates with relative standard errors greater than 25 per cent have been noted with an asterisk.

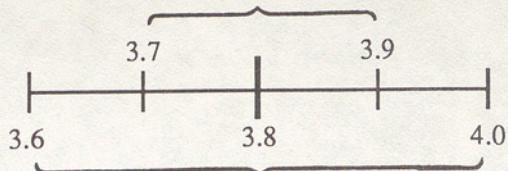
5. Relative standard errors on estimates of costs as a percentage of major labour costs for States, industries and different employer sizes are given in Tables A, B and C.

6. An example of standard errors and relative standard errors using these tables is as follows. Table 1 on page 10 shows that payroll tax in New South Wales is estimated to represent 3.8 per cent of major labour costs. The relative standard error for this figure as shown in Table A is 2.7 per cent. This means that there are about 2 chances in 3 that a complete enumeration would have given a figure within 2.7 per cent of 3.8, ie. within the range 3.7 and 3.9.

There are about 19 chances in 20 that a complete enumeration would have given a figure in the range 3.6 to 4.0. The relative standard error of 2.7 per cent is multiplied by 2 and then applied to the estimated figure of 3.8.

The following diagram illustrates this example.

2 chances in 3 that the value obtained from a complete enumeration will be in this range



19 chances in 20 that the value obtained from a complete enumeration will be in this range

7. As can be seen from the tables in most cases the smaller the estimate the higher is the relative standard error.

8. Published figures may also be used to estimate the difference between two survey estimates (of numbers or percentages). Such a figure is itself an estimate and is therefore subject to sampling error. The sampling error of the difference between two estimates depends on their standard errors and the relationship (correlation) between them. An approximate standard error (SE) of the difference between two estimates ($x-y$) may be calculated by the following formula:

$$SE(x-y) = \sqrt{[SE(x)]^2 + [SE(y)]^2}$$

This formula will only be exact when estimating the difference between two survey estimates which are from different States or from different industries. It is expected to provide a good approximation for estimating the difference for two survey estimates that are from different employer size groups.

9. The imprecision due to sampling variability, which is measured by the standard error, should not be confused with inaccuracies that may occur because of imperfections in reporting by respondents and errors made in the coding and processing of data. Inaccuracies of this kind are referred to as the non-sampling error, and they may occur in any enumeration, whether it be a full count or only a sample. For more information on non-sampling error refer to paragraph 21 of the Explanatory Notes.

10. For items other than gross wages and salaries, relative standard errors for estimates of costs as a percentage of gross wages and salaries are approximately the same as shown in the tables, while relative standard errors for total dollar costs and costs/employee estimates are a little higher than those shown in the tables. The relative standard error for estimates of total gross wages and salaries and gross wages and salaries per employee are much higher than the relative standard errors for gross wages and salaries as a percent of major labour costs. Detailed relative standard errors for all items are available on request.

TABLE A. RELATIVE STANDARD ERRORS: COSTS AS A PERCENTAGE OF MAJOR LABOUR COSTS, PRIVATE SECTOR,
STATES AND TERRITORIES, 1986-87

Type of cost	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	N.T.	A.C.T.	Australia
Gross wages and salaries	0.3	0.2	0.3	0.3	0.4	0.3	0.2	0.7	0.1
Other labour costs	2.4	1.8	3.2	3.0	3.3	3.8	2.2	6.7	1.2
Payroll tax	2.7	2.5	2.6	4.3	3.9	3.8	4.8	7.3	1.5
Workers' compensation	5.3	2.8	3.8	5.1	4.1	4.1	4.3	11.3	2.4
Superannuation	5.9	5.0	7.5	9.5	8.3	8.5	10.1	13.4	3.1
Fringe benefits tax	13.7	6.5	5.1	9.3	11.2	11.6	9.0	12.3	6.8

TABLE B. RELATIVE STANDARD ERRORS: COSTS AS A PERCENTAGE OF MAJOR LABOUR COSTS, PRIVATE SECTOR,
INDUSTRY - AUSTRALIA 1986-1987

Type of cost	Mining	Manufacturing	Construction	Wholesale and retail	Transport and communication	Finance property and business services	Community services; Electricity, gas and water	Recreation, personal and other services	Total all industries
Gross wages and salaries	0.2	0.1	0.5	0.2	0.3	0.6	0.5	0.5	0.1
Other labour costs	1.0	1.0	4.0	2.4	2.7	4.7	7.0	7.4	1.2
Payroll tax	0.6	1.0	5.8	3.0	3.2	4.4	10.4	7.3	1.5
Workers' compensation	2.8	1.6	5.9	2.7	5.9	14.5	4.4	5.9	2.4
Superannuation	6.0	3.5	10.3	6.3	10.1	8.9	13.5	27.7	3.1
Fringe benefits tax	10.3	4.3	26.4	6.8	10.0	15.9	11.8	19.8	6.8

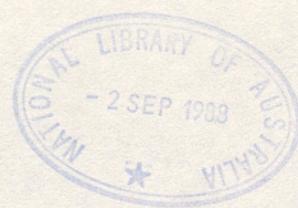
TABLE C. RELATIVE STANDARD ERRORS: COSTS AS A PERCENTAGE OF MAJOR LABOUR COSTS, PRIVATE SECTOR,
EMPLOYER UNIT SIZE - AUSTRALIA 1986-87

Type of cost	Less than 10 employees	10-19 employees	20-99 employees	100 or more employees	Total all sizes
Gross wages and salaries	0.4	0.5	0.2	0.2	0.1
Other labour costs	5.4	5.6	2.0	1.5	1.2
Payroll tax	18.1	9.6	2.5	0.7	1.5
Workers' compensation	4.3	6.8	4.5	4.1	2.4
Superannuation	9.0	11.6	6.5	3.5	3.1
Fringe benefits tax	13.4	14.8	10.3	10.7	6.8

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